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# REPORT TO THE CONGRESS



Examination Of  
Financial Statements  
Inter-American Foundation  
Fiscal Year 1973 B-135075

*BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES*

~~701331~~

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APR 11 1974



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-135075

To the President of the Senate and the  
Speaker of the House of Representatives

We have examined the statement of financial condition of the Inter-American Foundation, a Government-owned corporation, as of June 30, 1973, and the related statement of cost of operations and accumulated cost of operations, and the statement of changes in financial position for the year then ended. Our examination, pursuant to the Government Corporation Control Act (31 U.S.C. 841), was made in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. 650

In our opinion, the accompanying financial statements present fairly the financial position of the Inter-American Foundation at June 30, 1973, and the results of its operations and the changes in financial position for the year then ended, in conformity with principles and standards of accounting prescribed by the Comptroller General of the United States.

The accompanying financial statements (schs. 1, 2, and 3) are those contained in the Inter-American Foundation's annual report.

We are sending copies of this report to the Director, Office of Management and Budget; the Secretary of the Treasury; and the President of the Inter-American Foundation.

*James B. Stacks*

Comptroller General  
of the United States

# Fiscal Accounting

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**INTER-AMERICAN FOUNDATION**  
**STATEMENT OF FINANCIAL CONDITION**


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Schedule I

June 30, 1973

**ASSETS****Fund Balances:**

Funds with U.S. Treasury (Note 1)	\$44,245,265	
Cashier imprest fund (Note 2)	1,226	
Total		\$44,246,491

**Office Furniture and Equipment:**

Initial cost	148,729	
Less: Allowance for depreciation (Note 3)	14,613	
Net unrecovered cost		134,116

**Other Assets:**

Accounts receivable	8,673	
Employee travel advances	5,027	
Total		13,700

**Total Assets**\$44,394,307**LIABILITIES****Current Liabilities:**

Trade account payable	39,085	
Owed to U.S. Government Agencies	8,043	
Accrued salaries & benefits	61,350	
Total		108,478

**Cashier Funds Advanced by Treasury**

Disbursing Officer (Note 2)		3,000
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**Accrued Annual Leave**75,676**Total Liabilities**

187,154

**U.S. GOVERNMENT INVESTMENT**

Initial Investment	50,000,000	
Accumulated Cost of Operations (Sch. 2)	5,792,847	
Net U.S. Government Investment (Note 4)		44,207,153
<b>Total Liabilities and U.S. Government Investment</b>		<u>\$44,394,307</u>

The notes on page 5 are an integral part of this statement.

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**INTER-AMERICAN FOUNDATION**  
**COST OF OPERATIONS AND ACCUMULATED COST OF OPERATIONS**


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Schedule II

For the Fiscal Year Ended June 30, 1973

**SOCIAL DEVELOPMENT GRANTS:**

Undisbursed balance of grants, June 30, 1972	\$2,393,229
Grants obligated in fiscal year 1973	<u>3,435,450</u>
Total	5,828,679
Undisbursed balance of grants, June 30, 1973 (Note 4)	<u>3,382,854</u>

Social development grant disbursements	\$2,445,825
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**PROGRAM SUPPORT GRANTS:**

Undisbursed balance of grants, June 30, 1972	
Grants obligated in fiscal year 1973	11,832
Total	<u>11,832</u>

Undisbursed balance of grants, June 30, 1973	<u>—</u>
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Program support grant disbursements	<u>11,832</u>
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Total grant disbursements	2,457,657
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**ADMINISTRATIVE EXPENSES:**

Employee salaries and benefits	1,046,184
Employee travel and transportation	130,903
Annual leave expense	27,418
Printing expense	7,417
Rental of office space and equipment	99,609
Telephone and postage expense	38,639
GSA administrative support service	18,875
Consultant services	38,494
GAO audit for fiscal year 1972	12,000
Depreciation (Note 3)	12,486
Office supplies	12,001
Other expenses	<u>38,775</u>

Total	<u>1,482,801</u>
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<b>COST OF OPERATIONS</b>	<b>3,940,458</b>
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**PRIOR YEAR OPERATIONS:**

Accumulated costs of operation, June 30, 1972	1,855,407
Prior year adjustments	<u>(3,018)</u>

	<u>1,852,389</u>
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**ACCUMULATED COSTS OF OPERATIONS (Note 5)**

	<u>\$5,792,847</u>
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The notes on page 5 are an integral part of this statement.

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<b>INTER-AMERICAN FOUNDATION CHANGES IN FINANCIAL POSITION</b>	<b>Schedule III</b>
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During the Fiscal Year Ended June 30, 1973

<b>Fund Balances June 30, 1972</b>		<b>\$48,156,952</b>
<b>No Funds Were Provided in Fiscal Year 1973</b>		
<b>Funds Were Applied To:</b>		
Cost of operations and prior year adjustments (Sch. 2)	\$3,937,440	
Less non-funded expenses (annual leave & depreciation)	<u>39,904</u>	
Funded expenses		\$3,897,536
Purchase of equipment		29,617
Increase in other assets		4,743
Increase in current liabilities		(24,116)
Payment of annual leave to terminated employees		<u>2,681</u>
Total funds applied		<u>3,910,461</u>
<b>Fund Balances June 30, 1973</b>		<b><u>\$44,246,491</u></b>

*The notes on page 5 are an integral part of this statement.*

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**NOTES TO FINANCIAL STATEMENTS**

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June 30, 1973

1. In accordance with section 104 of the Government Corporation Control Act (31 U.S.C. 849) the Foundation may continue to obligate its funds up to its authorized ceiling of \$50 million. The Congress, however, may establish annual limitations on this authority. The Congress established a \$10 million limitation for fiscal year 1971, \$10 million in fiscal year 1972, and \$5 million in year 1973.
2. The established cashier fund was \$3,000 on June 30, 1973, but the cashier had made cash payments totalling \$1,774 which were not replenished until after June 30, leaving a balance of \$1,226 actually on hand at the close of the year.
3. The fiscal year 1973 depreciation rate is 8 percent for office furniture and filing equipment and 20 percent for office machines. These rates represent an increase over previous years rates which were 6 percent and 8 percent, respectively. The increased rates which were established on the basis of GSA experience cause FY 1973 depreciation expense to be \$4,807 more than it would have been under prior rates. An adopted policy on depreciation is to charge no depreciation in the year of acquisition and a full year's depreciation in the year of disposal.
4. \$3.4 million of the reported net U.S. Government investment has been reserved at June 30, 1973, for obligated but undisbursed grants (see Schedule 2).
5. The Foundation has not received any income since it began operations in March 1971 and has been funded solely from Congressional appropriations. The amount shown represents the accumulated costs of the Foundation's operation since that date.

PRINCIPAL OFFICIALS OF  
THE INTER-AMERICAN FOUNDATION

AT JUNE 30, 1973

	<u>Position</u>	<u>Date of appointment</u>
BOARD MEMBERS:		
Augustin S. Hart, Jr.	Chairman	9-21-70
George Cabot Lodge	Vice Chairman	9-21-70
Charles A. Meyer	Director	9-21-70
John Richardson, Jr.	Director	9-21-70
Charles W. Robinson	Director	10-17-70
Luis A. Ferre	Director	10-17-70
John A. Hannah	Director	9-21-70
OFFICERS:		
William M. Dyal, Jr.	President	3-15-71
Paul C. Bell	Vice President	1-28-72
Leon Parker	Director of Administration and Financing	5-16-71
Abelardo L. Valdez	General Counsel	3-11-73

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